



UNIVERSITI PUTRA MALAYSIA

**MODERATING EFFECTS OF KNOWLEDGE MANAGEMENT
PRACTICES IN THE RELATIONSHIP BETWEEN CORPORATE
STRATEGIES AND ORGANIZATIONAL PERFORMANCE**

RAJA SUZANA RAJA KASIM.

GSM 2008 4

**MODERATING EFFECTS OF
KNOWLEDGE MANAGEMENT PRACTICES
IN THE RELATIONSHIP BETWEEN
CORPORATE STRATEGIES
AND ORGANIZATIONAL PERFORMANCE**

RAJA SUZANA RAJA KASIM

**DOCTOR OF PHILOSOPHY
UNIVERSITI PUTRA MALAYSIA**

2008



**MODERATING EFFECTS OF
KNOWLEDGE MANAGEMENT PRACTICES
IN THE RELATIONSHIP BETWEEN
CORPORATE STRATEGIES
AND ORGANIZATIONAL PERFORMANCE**

By

RAJA SUZANA RAJA KASIM

**Thesis Submitted to the Graduate School of Management,
University Putra Malaysia, in Fulfillment of the Requirements
for the Degree of Doctor of Philosophy**

February 2008



Abstract of thesis presented to the Senate of University Putra Malaysia in fulfillment of the requirement for the degree of Doctor of Philosophy

**MODERATING EFFECTS OF KNOWLEDGE MANAGEMENT PRACTICES IN THE
RELATIONSHIP BETWEEN CORPORATE STRATEGIES
AND ORGANIZATIONAL PERFORMANCE**

By

RAJA SUZANA RAJA KASIM

February 2008

Chairman: Professor Raduan Che Rose, Ph. D.

Faculty: Graduate School of Management

Despite the increasing interest in managing knowledge, there has been limited research on knowledge management practices in the corporate strategy of organizations. Lack of empirical evidence has created a gap between the theory and practice of knowledge management in corporate strategy. In this study, the researcher integrated the knowledge-based and the resources-based theories of the firm to develop a suitable framework and model for knowledge management research. In addition, this study developed a knowledge management research model and empirically tested it within the moderation perspective of Miles and Snow's strategy typology.

In particular, the influence of knowledge management practices as a key moderating variable, has been neglected in previous Malaysian studies. The theoretical model used in this study was tested using empirical data from 123 public-listed organizations in Malaysia. Data from the survey were analyzed using the higher-order interaction effects of the Moderated Multiple Regressions analysis. Results of the analysis indicated that corporate strategies and knowledge management

practices have a positive impact on organizational performance. The findings revealed that prospector evaluations were significantly greater than those of defender evaluations, followed by analyzers and finally, reactors evaluations. Eighteen percent (18%) and 7% of increases in variance in the objective and subjective measures of the organization's performance, respectively, were due to the moderating effect of knowledge management practices. The results obtained were higher than the increase attributed to corporate strategies. In terms of the subjective measures of organizational performance, the results suggested that the relationship is stronger in the market-focused organizations followed by the dual focused and the operation focused organizations and finally the unfocused organizations. The results showed that market-focused practices were better moderators of organizational performance.

The results also revealed that among the consumer products, the industrial products organizations and the services industries in the Main Board of Malaysia have very different goals for knowledge management practices. This is because the knowledge management practices' environment created an impact on the organizations' corporate goals. Factors such as management support and practices, the level of knowledge investments and the impact of knowledge management practices' benefited the organizations' strategic and functional needs. The level of perceived benefits of knowledge management practices is directly related to the corporate goals of the organizations. This is reflected in the results of this study which showed that the market focused groups contributed to the highest level of organizational performance in terms of the subjective measure, followed by the operation focused groups, the dual focused group and the unfocused group in the organizations.

An important management implication of this study is that it confirmed that corporate strategies alone or knowledge-related activities alone do not adequately enhance business activities which lead to improvements in the performance of the organizations. Instead, this study suggested that greater utilization of knowledge management practices in developing corporate strategies, both in the operational effectiveness aspect (internally) and strategic positioning aspect (externally), helped organizations to identify areas within the organization where value was created by knowledge management practices.

This study further suggests that firms should incorporate knowledge management practices in developing their corporate strategies as a response to business needs since this study showed that the traditional practice of designing corporate strategy alone did not adequately improve business performance. The fit between the organization processes and the corporate goals for the knowledge management practices facilitates the success of a good business operation structure. This in turn, leads to better organizational performance, thus contributing towards better understanding of how knowledge management practices can improve organizational performance.

Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia
sebagai memenuhi keperluan untuk Ijazah Doktor Falsafah

**AMALAN PENGURUSAN PENGETAHUAN SEBAGAI PEMUDAH CARA DALAM
HUBUNGAN ANTARA STRATEGI KORPORAT DENGAN PRESTASI
ORGANISASI**

Oleh

RAJA SUZANA RAJA KASIM

Januari 2008

Pengerusi: Profesor Raduan Che Rose, Ph. D.

Fakulti: Sekolah Pengajian Siswazah Pengurusan

Di sebalik peningkatan minat kepada pengurusan pengetahuan, terdapat penyelidikan yang terhad yang menggabungkan amalan pengurusan pengetahuan dalam agenda strategi korporat sesebuah organisasi. Kekurangan bukti empirik telah mewujudkan satu jurang antara teori dengan amalan pengurusan pengetahuan dalam isu-isu strategi korporat. Dalam kajian ini, pihak penyelidik menyepadukan teori pandangan berasaskan pengetahuan dengan pandangan berasaskan sumber bagi sesebuah firma, dan strategi untuk membina rangka kerja yang bersesuaian serta model penyelidikan pengurusan pengetahuan. Di samping itu, pihak penyelidik membina instrumen bagi kajian pengurusan pengetahuan dan secara empirik menguji model penyelidikan dari perspektif pemudahcaraan bersama-sama dengan topologi strategi Miles dan Snow.

Secara khusus, pengaruh amalan pengurusan pengetahuan sebagai pemboleh ubah pemudahcaraan yang utama yang telah diabaikan dalam penyelidikan-penyelidikan yang lepas di Malaysia telah diuji. Model teori diuji secara empirik dengan menggunakan data daripada 123 organisasi yang disenaraikan secara umum di Malaysia. Data daripada tinjauan dianalisis dengan menggunakan kesan interaksi

susun atur meningkat bagi analisis Pelbagai Regresi Sederhana. Dapatan kajian menunjukkan bahawa strategi korporat dan amalan pengurusan pengetahuan memberikan impak secara positif kepada prestasi organisasi. Dapatan kajian juga menunjukkan bahawa penilaian terhadap prospektor adalah lebih bermakna daripada defender, diikuti oleh penganalisis and akhirnya, reaktor. Kesan pemudahcaraan terhadap amalan pengurusan pengetahuan menerangkan bahawa terdapat 18% dan 7% varians peningkatan dalam prestasi objektif dan subjektif organisasi. Keputusan ini mengatasi peningkatan yang dijelaskan oleh strategi korporat. Dari sudut prestasi subjektif organisasi, dapatan kajian mencadangkan bahawa hubungan ini lebih kuat terutamanya dalam kalangan pasaran memfokus, diikuti oleh pasaran dwifokus dan operasi memfokus dan akhirnya daripada organisasi tak memfokus. Amalan pasaran memfokus amat ketara sebagai pemudah cara yang lebih berkesan dalam menangani prestasi organisasi.

Dapatan kajian juga membuktikan bahawa organisasi dalam kalangan pasaran pengguna, pasaran industri dan industri perkhidmatan yang disenaraikan secara umum di Papan Utama di Bursa Malaysia mempunyai matlamat amalan pengurusan pengetahuan yang berbeza. Ini disebabkan oleh persekitaran atau konteks apabila amalan pengurusan pengetahuan mempengaruhi aktiviti-aktiviti organisasi dari aspek matlamat korporat, amalan dan sokongan pengurusan, tahap pelaburan pengetahuan dan kesan faedah dalam amalan pengurusan pengetahuan terutamanya dalam memenuhi keperluan di peringkat strategik dan fungsi organisasi. Tahap faedah yang dijangkakan terhadap amalan pengurusan pengetahuan didapati mempengaruhi matlamat korporat organisasi secara langsung. Ini telah dibuktikan melalui dapatan kajian bahawa amalan pasaran memfokus menyumbang kepada

tahap prestasi organisasi yang paling tinggi, diikuti oleh amalan operasi memfokus dan akhirnya oleh kedua-dua amalan organisasi dwifokus dan tak fokus.

Implikasi pengurusan yang penting dalam kajian ini ialah ia mengesahkan bahawa strategi korporat semata-mata atau aktiviti berkaitan pengetahuan sahaja tidak mencukupi untuk meningkatkan aktiviti perniagaan yang juga mengarah kepada menyumbang kepada prestasi organisasi. Sebaliknya, kajian ini mencadangkan penggunaan amalan pengurusan pengetahuan dalam pembentukan strategi korporat terutama dalam aspek keberkesanaan pengoperasian (secara dalaman) dan peletakan berstrategi (secara luaran) yang membantu organisasi untuk mengenal pasti kawasan dalam organisasi yang amalan pengurusan pengetahuan sedang mewujudkan nilai.

Kajian ini selanjutnya mencadangkan yang ia akan lebih bermakna bagi firma untuk menggabungkan amalan pengurusan pengetahuan dalam pembentukan strategi korporat mereka sebagai respons kepada keperluan perniagaan memandangkan kajian ini telah menunjukkan bahawa amalan tradisional sedemikian dalam pembentukan strategi korporat sahaja tidak mencukupi dalam mempertingkatkan aktiviti perniagaan dari segi objektif prestasi organisasi. Proses organisasi yang sepadan dengan matlamat korporat dari segi amalan pengurusan pengetahuan dapat memudahkan kejayaan pengendalian struktur perniagaan yang baik, yang juga membawa kepada prestasi organisasi yang lebih baik dan memberikan pemahaman tentang bagaimana amalan pengurusan pengetahuan boleh menambahbaikkan prestasi organisasi.

ACKNOWLEDGEMENTS

I thank my dissertation committee with Professor Dr. Raduan Che Rose as Chair, and Assoc. Prof. Dr. Jegak Uli and Assoc. Prof. Dr. Khairuddin Idris as member. These academicians were a source of inspiration, motivation and support in all its form to me. To all of the committee team, the gesture of putting at my disposal whatever I needed to complete this work would be cherished for the rest of my life.

I thank the Universiti Teknologi MARA Malaysia for the efforts given and full time paid leave for me to pursue this work.

Finally, my profound gratitude and deep love to the people of my life, my family—my husband, Zulazli Hashim and our boys and girl—Muhd. Izzul Affiq, Nurul Afiqah, Muhd. Adam and Muhd Adib; and the rest of my family for everything they did and continue to do for me. I dedicate this work to these people for their endurance, for their steadfast love and timeless support to me and that they strive for knowledge and improve what I did and accomplish what I could not. My prayers and thanks to ALLAH ALMIGHTY for being with us always.

I certify that an Examination Committee met on **19th December, 2007** to conduct the final examination of **Raja Suzana Raja Kasim** on her **Doctor of Philosophy** thesis entitled **“Moderating Effects of Knowledge Management Practices in the Relationship between Corporate Strategy and Organizational Performance”** in accordance with Universiti Pertanian Malaysia (Higher Degree) Act 1980 and Universiti Pertanian Malaysia (Higher Degree) Regulations 1981. The committee recommends that the candidate be awarded the relevant degree. Members of the Examination Committee are as follows:

Prof. Dr. Peter Songan

Professor/Dean
Centre of Applied Learning and Multimedia
Universiti Malaysia Sarawak
(External Examiner)

Prof. Dr. Rahim Md. Sail

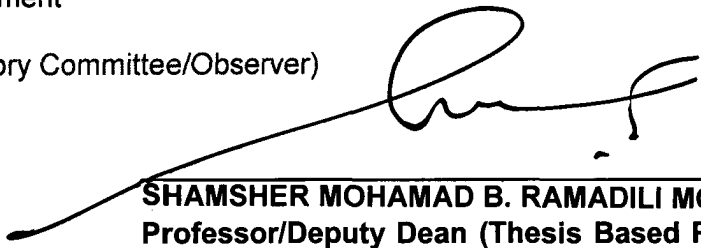
Professor
Faculty of Educational Studies
Universiti Putra Malaysia
(Internal Examiner)

Prof. Dr. Aminah Ahmad

Professor
Faculty of Educational Studies
Universiti Putra Malaysia
(Internal Examiner)

Prof. Dr. Raduan Che Rose

Professor
Graduate School of Management
Universiti Putra Malaysia
(Representative of Supervisory Committee/Observer)



SHAMSHER MOHAMAD B. RAMADILI MOHD., PhD
Professor/Deputy Dean (Thesis Based Program
& Research)

Graduate School of Management
Universiti Putra Malaysia
(Chairman)

Date: **12/6/08**

This thesis submitted to the Senate of Universiti Putra Malaysia has been accepted as fulfillment of the requirement for the degree of Doctor of Philosophy. The members of the Supervisory Committee are as follows:

Raduan Che Rose, Ph. D

Professor
Graduate School of Management
Universiti Putra Malaysia
(Chairman)

Jegak Uli, Ph. D.

Assoc. Professor
Faculty of Educational Studies
Universiti Putra Malaysia
(Members)

Khairuddin Idris, Ph. D

Assoc. Professor
Faculty of Educational Studies
Universiti Putra Malaysia
(Members)



SAMSINAR MD. SIDIN, PhD
Professor/Dean
Graduate School of Management
Universiti Putra Malaysia

Date: 26 / 5 / 08

DECLARATION

I hereby declare that the thesis is based on my original work except for quotations and citations, which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at UPM or other institutions.



RAJA SUZANA RAJA KASIM

Date: 18/7/08

TABLE OF CONTENTS

	PAGE
ABSTRACT	ii
ABSTRAK	v
ACKNOWLEDGEMENTS.....	viii
APPROVAL.....	ix
DECLARATION.....	xi
TABLE OF CONTENTS	xii
LIST OF TABLES	xviii
LIST OF FIGURES.....	xx
LIST OF ABBREVIATIONS	xxi

CHAPTER

1. INTRODUCTION	1
1.0. Introduction	1
1.1. Background.....	1
1.2. Statement of Problem	10
1.3. Objectives of Study	12
1.4. Significance of Study.....	15
1.5. Operational Definition of Terms.....	18
1.6. Limitations.....	22
1.7. Chapter Summary	25
2. LITERATURE REVIEW	26
2.0. Introduction	26
2.1. Definition of strategy	27
2.2. Evolution of strategy.....	29
2.3. The Relevant Theories of Strategies	31
2.3.1. Miles & Snow Strategic Model	31
2.3.1.1. The Prospector strategy	37
2.3.1.2. The Defender strategy.....	38
2.3.1.3. The Analyzer strategy	38
2.3.1.4. The Reactor strategy.....	39
2.3.1.5. The Performance of the Prospector, Analyzer, Defender and Reactor strategies.....	40
2.3.2. Porter's Strategic Model	41
2.3.2.1. Porter's Generic Strategic Model.....	41
2.3.2.2. Porter's Value-chain Model	42
2.3.3. Reviews of literature from the corporate strategic perspectives	43



2.4.	Strategic resources	47
2.4.1.	The resource-based view of the firm	47
2.4.1.1.	A synthesis of influence between the resource-based view, the strategic perspectives and the competency-based perspectives	52
2.4.2.	The knowledge-based view of the firm	53
2.4.2.1.	A synthesis of influence between the knowledge-based view, the resource-based view, the strategic perspectives and the competency-based perspectives	58
2.4.2.2.	Conclusions from the resource-based view and the knowledge-based view	62
2.5.	Knowledge Management Practices (KMP)	63
2.5.1.	KMP Goal	64
2.5.2.	Knowledge Value Chain	65
2.5.3.	Organization's perception	66
2.5.4.	A process-oriented approach to evaluating KMP Value	67
2.5.5.	Achieving a Fit between CS and KMP	70
2.5.6.	Corporate goals for KMP	71
2.5.7.	Previous empirical research on KM issues	72
2.5.8.	Choice for KMP construct for the study	74
2.5.8.1.	The Unfocused knowledge practices	76
2.5.8.2.	The Operation focused knowledge practices	77
2.5.8.3.	The Market focused knowledge practices	79
2.5.8.4.	The Dual focused knowledge practices	80
2.5.9.	Conclusion on KMP	82
2.6.	Organizational Performance	83
2.7.	Theoretical and Empirical Evidences	90
2.8.	Discussions	99
2.9.	Chapter Summary	101
3.	RESEARCH FRAMEWORK AND HYPOTHESIS DEVELOPMENT	103
3.0.	Introduction	103
3.1.	The Research framework	103
3.2.	The variables	106
3.2.1.	Dependent variable – OP	106
3.2.1.1.	Subjective measures	107
3.2.1.2.	Objective measures	108
3.2.2.	Independent variable – CS	109
3.2.3.	Moderating variable – KMP	114

3.3.	Hypotheses to be tested	118
3.4.	Chapter Summary	125
4.	RESEARCH METHODOLOGY	126
4.0	Introduction	126
4.1	Research Design	127
4.1.1	The Quantitative Analytical Approach	128
4.1.2	The Research Process	130
4.2	Population and Sampling	132
4.2.1	Population, Sampling Frame and Unit of Analysis	132
4.2.2.	Sampling, Sample Size and Power Analysis.....	133
4.2.3	Sampling Procedures	137
4.3	Instrumentation	139
4.3.1	Questionnaire	139
4.3.2	Instrument's Construction	140
4.3.3	Response's Scale	147
4.4	Pilot Testing the Survey Instrument.....	148
4.5	Reliability and Validity	153
4.5.1	Reliability and Validity of the Instruments.....	155
4.5.1.1	CS Questionnaire (CSQ).....	156
4.5.1.2	KMP Questionnaire (KMPQ)	157
4.5.1.3	OP Questionnaire (OPQ)	158
4.6	Data Collection Procedures.....	159
4.6.1	Data Examination	162
4.6.2	Nonresponse Issues	163
4.7	Data Analysis Procedures	168
4.7.1	Getting Data Ready for Data Analysis.....	168
4.7.1.1	Editing Data	168
4.7.1.2	Coding	169
4.7.1.3	Categorization.....	169
4.7.2	Data Analysis.....	170
4.7.2.1	Feel for the Data	170
4.7.2.1.1	Descriptive Analysis	171
4.7.2.1.1	Inferential Analysis.....	171
4.7.2.1.1	Testing Goodness of Data.....	172
4.8	Exploratory Data Analysis	174
4.9	Chapter Summary	179

5.	RESULTS AND DISCUSSIONS.....	180
5.0	Introduction.....	180
5.1	Profile of Respondents.....	180
5.1.1	Profile of Organizations – Job Tenure and Industry Sectors.....	181
5.1.2	Profile of Organizations – Size of the Organizations.....	182
5.1.3	Profile of Organizations – Age of the Organizations	183
5.1.4	Profile of Organizations – Competitive Position	184
5.1.5	Organizations by strategy response	184
5.2	Corporate Strategies (CS).....	185
5.2.1	Descriptive Statistics of CS	186
5.2.2	Levels of CS.....	188
5.2.3	Discussions	189
5.3	Knowledge Management Practices (KMP).....	191
5.3.1	Descriptive Statistics of KMP	192
5.3.2	Levels of KMP	195
5.3.3	Discussions	196
5.4	Organizational Performance (OP).....	198
5.4.1	Objective Measures.....	199
5.4.2	Levels of Objective Measures.....	200
5.4.3	Subjective Measures.....	201
5.4.4	Levels of Subjective Measures	202
5.4.5	Discussions	202
5.5	Relationship between KMP and CS	205
5.5.1	Relationship between dimensions of KMP and dimensions of CS	209
5.5.1.1	The market focused practices and the prospector strategy	209
5.5.1.2	The dual focused practices and the analyzer strategy.....	211
5.5.1.3	The operation focused practices and the defender strategy	213
5.5.1.4	The unfocused practices and the reactor strategy.....	215
5.6	Relationship between CS and OP	216
5.6.1	CS and the Objective Measures	216
5.6.2	CS and the Subjective Measures	217
5.6.3	Discussions	218
5.6.4	Relationship between dimensions of CS and OP.....	220
5.6.4.1	The Prospector strategy and OP	220
5.6.4.1.1	The Prospector strategy and the Objective Measures	221
5.6.4.1.2	The Prospector strategy and the Subjective Measures.....	221
5.6.4.1.3	Discussions	222

5.6.4.2	The Analyzer strategy and OP	224
5.6.4.2.1	The Analyzer strategy and the Objective Measures	224
5.6.4.2.2	The Analyzer strategy and the Subjective Measures.....	224
5.6.4.2.3	Discussions	225
5.6.4.3	The Defender strategy and OP	226
5.6.4.3.1	The Defender strategy and the Objective Measures	226
5.6.4.3.2	The Defender strategy and the Subjective Measures	227
5.6.4.3.3	Discussions	227
5.6.4.4	The Reactor strategy and OP	228
5.6.4.4.1	The Reactor strategy and the Objective Measures	228
5.6.4.4.2	The Reactor strategy and the Subjective Measures	229
5.6.4.4.3	Discussions	229
5.7	Relationship between KMP and OP	230
5.7.1	KMP and the Objective Measures	230
5.7.2	KMP and the Subjective Measures.....	231
5.7.3	Discussions	232
5.7.4	Relationship between dimensions of KMP and OP	234
5.7.4.1	The Market focused and OP	234
5.7.4.1.1	The Market focused and the Objective Measures	234
5.7.4.1.2	The Market focused and the Subjective Measures	235
5.7.4.1.3	Discussions	236
5.7.4.2	The Dual focused and OP	238
5.7.4.2.1	The Dual focused and the Objective Measures	238
5.7.4.2.2	The Dual focused and the Subjective Measures	238
5.7.4.2.3	Discussions	239
5.7.4.3	The Operation focused and OP	240
5.7.4.3.1	The Operation focused and the Objective Measures	240
5.7.4.3.2	The Operation focused and the Subjective Measures	240
5.7.4.3.3	Discussions	241
5.7.4.4	The Unfocused and OP	243
5.7.4.4.1	The Unfocused and the Objective Measures	243
5.7.4.4.2	The Unfocused and the Subjective Measures	244
5.7.4.4.3	Discussions	244

5.8	Moderating Effects of KMP	245
5.8.1	Moderating effects of KMP (Objective measures).....	246
5.8.1.1	Discussions	251
5.8.2	Moderating effects of KMP (Subjective measures)	252
5.8.2.1	Discussions	258
5.9	The Overall Hypothesis Results	260
5.10	Conclusions	262
6.	CONCLUSIONS	265
6.0	Introduction.....	265
6.1	Summary of Results and Conclusions	265
6.1.1	KMP and CS	265
6.1.2	CS and OP	268
6.1.3	KMP and OP	269
6.1.4	Moderating Effects of KMP on the relationship between CS and OP.....	272
6.2	Implications to the Theory and Body of Knowledge.....	275
6.2.1	Development of KMP Model in the relationship between CS and OP.....	278
6.2.2	Development of KMP Choices Model in the relationship between type of CS choices and OP	280
6.3	Implications for Policy and Practice.....	283
6.4	Recommendation for Future Research	286
	BIBLIOGRAPHY	289
	LIST OF APPENDICES	
	APPENDICES	
	BIODATA OF THE CANDIDATE	

LIST OF TABLES

TABLE	PAGE
2.1 Dimensions of the adaptive cycle and strategic type characteristics.....	35
2.2 Miles and Snow's strategic typologies.....	36
2.3 Review of Literature on strategy perspectives.....	46
2.4 A synthesis of influences on the resource-based view, strategy perspective and competency-based perspective	52
2.5 Conventional and knowledge-based understanding of organization	58
2.6 A synthesis of influences on the knowledge-based view, the resource-based view, the competency-based perspective and organizational learning field	59
2.7 The conventional and knowledge-based approaches to strategy	62
2.8 Dimensions of KMP business value: a review of the literature.....	69
2.9 Linking CS with Corporate Goals for KMP	70
4.1 Good features of Using Quantitative Approach	129
4.2 Stratified Random Sampling	139
4.3 Constructs and Sources.....	146
4.4 Occupational Groups – Panel of experts.....	151
4.5 Cronbach Alpha scores for the Corporate KMP Questionnaire (CKMPQ) for the pilot study and the actual survey instrument	159
4.6 Respondents and Nonrespondents Group Statistics	166
4.7 Independent Samples Test of Variables.....	167
4.8 Summary of research questions, hypotheses, types of scale and statistical tests	174
4.9 Kolmogorov-Smirnov Statistics of Normality Test.....	176
4.10 Levene's Test of Homogeneity of Variance for the OP Variable on Organizational Population	177
4.11 Test for Collinearity of OP	178
5.1 Job Tenure and Industry types.....	181
5.2 Industry Sectors and Size of the Organization	182
5.3 Industry Sectors and Age of the Organization	183
5.4 Industry Sectors and Competitive Position.....	184
5.5 Organizations by Strategy Response	185
5.6 Descriptive Statistics of Corporate Strategies Dimensions	187
5.7 Overall Corporate Strategies Levels	189
5.8 Descriptive Statistics of KMP Dimensions.....	193
5.9 Overall KMP Levels	195

5.10	Descriptive Statistics of Objective Measures	
	Dimensions	199
5.11	Overall Levels of Objective Measures	200
5.12	Descriptive Statistics of Subjective Measures	
	Dimensions	201
5.13	Overall Levels of Subjective Measures	202
5.14	Correlations of KMP and CS	206
5.15	Correlations of KMP Dimensions and CS	
	Dimensions	210
5.16	Correlations of CS and its dimensions with OP	217
5.17	Correlations of KMP and its dimensions with OP	230
5.18	Model Summary (c) – Objective Measures	247
5.19	Coefficients(a) – Objective Measures	248
5.20	Model Summary (c) – Subjective Measures	253
5.21	Coefficients(a) – Subjective Measures	254
5.22	The Results of the MMR	258
5.23	Overall Hypothesis Results	260

LIST OF FIGURES

FIGURE	PAGE
1.1 The Research Framework.....	12
2.1 The Adaptive Cycle.....	33
2.2 The Generic strategies.....	42
2.3 The Value-chain model.....	43
2.4 The three elements of knowledge creation process	54
2.5 Model of KMP Value	66
2.6 Corporate Goals for KMP.....	76
3.1 The Corporate KMP Model	104
3.2 The Research Framework.....	105
3.3 Subjective measures for OP measures.....	107
3.4 Dimensions of CS	113
3.5 Model of KMP Value	117
4.1 The Research Design	131
4.2 G-Power Analysis for Large Effect Sample Size	135
4.3 G-Power Analysis for Medium Effect Sample Size.....	136
4.4 Positioning the corporate strategic choice of prospector, defender, analyzer and reactor.....	143
4.5 Positioning the KMP choice of the market-focused, the operation-focused, the dual-focused and the unfocused	145
5.1 Slopes for OP on CS for KMP – Objective Measure.....	251
5.2 Slopes for OP on CS for KMP – Subjective Measure.....	256
6.1 A model of KMP as Moderators in the relationship between CS and OP	279
6.2 A Model of KMP Choices as Moderators in the relationship between the type of CS responses and OP	280

LIST OF ABBREVIATIONS

CEOs	Chief Executive Officers
CKMPQ	Corporate Knowledge Management Practices Questionnaire
CP	Consumer Product
CS	Corporate Strategies
CSQ	Corporate Strategy Questionnaire
D/E	Debt to Equity ratio
HHR	Head of Human Resources
HR	Human resources
IP	Industrial Product
KM	Knowledge Management
KMP	Knowledge Management Practices
KMPCV	Knowledge Management Practices Corporate Value
KMPQ	Questionnaire
MD	Managing Directors
MMR	Moderated Multiple Regressions
NPM	Net Profit Margin
OP	Organizational Performance
OPQ	Organizational Performance Questionnaire
PLCs	Public-listed companies
PN17	Practice Notes 17
ROA	Return on Assets
ROE	Return on Equity
ROS	Return on Sales
SM	Strategic Management

CHAPTER 1

INTRODUCTION

1.0 Introduction

Chapter one presents an introduction of this study and comprises seven main sections that introduces the background, the statement of problems, research questions as well as the objectives of the study. The section on the research framework and hypothesis development is also included under the section of the objectives of this study. This is followed by a separate section which describes the significance of this study, the operational definition of the terms used that makes up the conceptual model as well as the limitations of this study. The final sections summarized the chapter.

1.1 Background

Achieving superior organizational performance (OP) both in the financial and non-financial aspect is the ultimate goal of most organizations and serves as an important view in the field of strategic management. To some organizations, superior OP reflects the firm's sustainable competitive advantage, where organizations must build strategies to sustain competitive advantage by leveraging their knowledge resources and intellectual assets for optimum performance, Turban, McLean and Wetherbe (2001). Organizations have been assumed by many as a pool of hard-to-copy resources and capabilities where the distinctive capabilities are dependant on the

way they build, expand and organize resources and capabilities to create and apply value-enhancing strategies (Peteraf, 1993; Barney, 1991; Amit & Schoemaker, 1993; Halawi, McCarthy & Aronson, 2006). This to some extent may reflect the organization's superior performance.

Achieving superior OP also indicates the ability of the organization to achieve above average performance in an industry for at least 10 years or more (Marcus, 2005). Throughout the years, many companies may be able to perform better than their main competitors. However, this may only appear to be for a short time. In addition, organizations may also be able, though there may be few, to sustain competitive advantage over a significant period.

According to Scholl (2002), despite an organization's effort, many still do not perform well and studies on the survival of organizations found that the average age of an organization is about 18 years. He further contended that the short life span of organization is the result of complex, but essential dynamic processes within the organizations such as performance that has been ignored and unattended by management. This is further reflected by today's business environment, which has become more turbulent and unpredictable. Organizations find it difficult to perform well; international competition is changing to increasingly emphasize product and service quality, responsiveness, diversity and customization (Wigg, 1997). In this emerging competitive environment, globalization, converging technologies, ubiquitous network, use of information and communication technologies, dismantling of hierarchical structures and emergence of new business models are some of the prominent changes (Asoh, 2004). According to Asoh (2004) systematic or abrupt decline in performance often leads to the death of the organizations. Recently, the